1994

Oral History Interview: John Wallace

John Wallace

Recommended Citation

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Owens Glass History Project

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Huntington, West Virginia 25755-2667
304/696-6799

ORAL HISTORY NUMBER: ____________

MORROW ACCESSION NUMBER: A532

ORAL HISTORY

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A STATE UNIVERSITY OF WEST VIRGINIA

OWENS GLASS HISTORY PROJECT

AN ORAL INTERVIEW WITH: DR. JOHN WALLACE

CONDUCTED BY: CHRISTINA KASPRZAK

DATE OF INTERVIEW: DECEMBER 12, 1994

Christie: ...-four, and this interview is with Mr. John Wallace, for the Owens Glass History Project. And, if we could begin with just your personal background, education, your work experience, so we know where you're coming from.

John: Okay. Uhm, for a long time I was a computer type. I worked at Eastern Airlines as a systems analyst for the U.S. Army-this was back in the early '60's. And then uh, I went to graduate school and got my masters and doctorate at the University of Florida. Started a computer company with three other guys in the late '60's, called Computer Management Corporation. In the '70's, I lived in Africa, in east Africa. I started the management science at the University of Nairobi. I was on a Fulbright Scholarship Fellowship. And then worked in west Africa for two years for an international labor organization, it's a U.N. agency. And there I was increasingly in certain types of management consulting, taught management team building, and things like that.

And from there we went to Switzerland, lived in Geneva, Switzerland, for twelve years. I worked with the International Labor Organization there. We did small enterprise development, taught management, training, setting up productivity centers around the world. And then I kind of took early retirement in '89, wanted to work with small businesses back in my home state of West Virginia. And been here at Flori-, or been here at Marshall since '89. I'm the Small Business Institute director here. That means that we put student teams together and do consulting projects for companies. We have projects this term with companies like uh...Persinger Supply down in Prichard, and a little company called Lee Technology, these kinds of things here...called Drumwicks. I do a lot of, a lot of work in the community with companies. Uh...and that's where I took some interest in Owens on several occasions. I had students at different points in time would go over in Owens-Brockway and talk to people over there, and see if there were ways we could help, things like that.

Christie: But it wasn't really a small business.

John: No, but in my principles of management course, uh, say in a particular section there might be 25 students. Each student has to have a little individual project, has to find a manager and go talk to that manager about problems. And uh, this one, the first time we had a student wandering around there was...must have been 3, 4 years ago, by the name of Joe Cross. And he talked to people about the problems they were having and uh, Joe had done some training over at uh, INCO, had been a trainer at INCO, and we were looking to see whether some of the stuff that he had done there, he and I maybe could do at, at Owens.

Christie: Okay. Well, mostly what I want to talk to you about is trends in American industry, starting in the late '70's, and talking about the technology, international competition, and change in ownership buyouts and that kind of thing. So, if you could elaborate on any or all of those. And also, give us maybe some definitions, what a leverage buyout is, that kind of thing.

John: One of the things I did was I pulled some information off the uh, government statistics on different industries, and the glass industry I looked at. And we looked at it from '77 to '87, for examples...it was all we could find in the library. And uh, looked at the...the glass industry really makes up flat glass, like windshields and windows and so on. And containers. And then blown and pressed glass, which includes things like the art glass companies that we have around here. And then uh, what they call purchase glass, which is largely companies that purchase glass and then make things like lenses-they're more in the grinding business and so on. We have two companies like that, locally. Owens...Alcon-Cilco is one. But uh, the uh, that's uh, eye glasses, ophthalmology-type of lenses, and that's not included here. But lenses for telescopes and uh, headlights and things like that, are in this third group, or fourth group. So there's four different groups of companies in the glass industry. And if you look at the trends over the, over that period, '77 to '87, you see that uh, uh....sales, let's get down here [referring to printed material]...sales, which is actually this area here, went up in some of those sections of industry by 60% or 30%, or in the case of lenses, almost doubled in that period. But keep looking at the fact that the container section didn't necessarily increase. Glass containers were increasing in that period, but not as much as say some of the other...this actually should be sales...sales over there. I messed that up when I picked it up. Employment dropped in all four sectors, all three of those four sectors. One sector it didn't, employment didn't drop end of that period, was purchase glass, the lenses, so you had expansion of employment and sales in one of those four different sectors of the industry. What's really interesting to me is the fact that productivity increased in all parts of that industry. Where you had the industry cutting down on employment, but uh, increasing sales, but what's really dramatic is that people were producing more. Value-added per employee means that the sales, minus the cost of the materials, the limestone and the sand, and so on, that goes into the glass, the sales minus the cost of the goods that they had to purchase, the raw materials, divided by the employees, that basically all increased throughout...throughout the period. While the uh, the flat glass sector did the best in terms of improving sales per employee, value-added per employee, the sector that Owens was in didn't do that badly. It went up by a hundred twenty-two percent. So, it didn't do that badly. You can see in this graph, I know we're not on t.v. here, but you see in this graph that the flat glass industry had a very nice value-added per employee increase and the other three sectors went up a little bit, but not tremendously. So, I looked at those numbers, just to see what the industry was doing. And uh, everybody was increasing sales, increasing value-added, and three of those four sectors were decreasing employ-you know, decreasing employment. And in the sector we're talking about, the container sector, employment was down by 40%.

Christie: Does this have a lot to do with technology, you think? (uh...) Are they able to produce more, with fewer employees?

John: Technology always has a way of, it always has a role to play...in this. And I noticed in your interviews, that we're talking about the Owens-Brockway plant as being an old plant, originally designed around gravity feed, rather than mechanical feeds, and computer feeds and so on. And I, I would think that there was a problem in terms of updating the technology of Owens, in keeping it up to date. But, tech...you know, technology, we have to go back to the beginning of the Huntington plant. And at the time it was, it was open, it was technologically advanced for it's time. I understand that Mr. Brockway had a lot of patents and uh, and so on. The, I think it had somewhat to do with technology. The other thing, though, that one noticed, that my students noticed and I picked it up here in the other interviews, though, was your management and your workers have to stay up to date. Uh...and I think this is, I noticed that the discussion in here that their management in many cases, hadn't gone to college and their, it's difficult if you have workers that have, aren't very numerate, and aren't very literate, uh, to keep their technologically up to date. Let me tell you a story about that. About two and a half years ago, the Huntington Labor Management Council invited a team of six people from Union Carbide, over in Charleston, to come and talk to companies here in Huntington about how they had laid the framework for technological improvement and so on. And uh, there was a lovely evening, these six people, three unions, three non-union, there, and it was basically the fellow who had been the president of the union steelworkers over in Charleston...and back in '88, said, "You know, my daddy was a union man and I was a union man, too. I'm a union man, strong union man, but I walked out beside the building one day and looked around and I said, you know, we were gonna be a parking lot if we don't start cooperating with management and getting our act together." So the union and management invited some people down from WVU in '88, August of '88 to run some workshops. And uh, they built teams between management and union and uh, one of the first exercises was kind of cute. They, this trainer from uh, West Virginia University had management and union teams sitting across from each other, across the table, building bridges out of pieces of wood, actually, physically, this team building a bridge and this builder building a bridge. And the metaphor that he was doing would say, "Management and workers working together can build bridges." And this uh, this union president said, "I was really amazed that here I could build a bridge with this SOB I've been fighting with for all my life." There were a number of stories like that. I remember walking out that evening, talking to a couple of the management people from Owens-Brockway and I don't remember who it was. But I remember, I got the impression that they were glazed over, that they saw in effect, the future and they just couldn't figure out how they were gonna get there. So uh, I think it was technology. But technology really isn't machinery. Technology is in your head, you know...if I didn't know how to turn this computer on, it wouldn't make any difference, you know, how much technology I've got, if I don't know how to use it. I think there were a number of things that were missing in the '70's and '80's, with respect to Owens uh, locally here, that they just couldn't im-....implement the kinds of technology that was necessary to implement.

Christie: Well, certainly, the management worker relations were so much different when there was like a parental kind of attitude in the entire plant. What...what do you think was involved in the transition? Why do they need this building bridges now, when it didn't exist before and the plant was very productive before?

John: I was struck a couple of years ago in a book on total quality management, a quote from the head of Mitsuchita saying, in effect, "We in Japan are gonna bury you in the United States, because we're not tailorized," was the term he used. He was saying, you know, that plants had been built around the turn of the century and in the '20's and so on. And followed the uh, the scientific management principles that were very popular in the '20's, where uh, Frederick Taylor believed that any kind of thinking that went on in the plant floor was probably wrong. And Taylor interestingly didn't want management to think, either. Uh, the managers that Fredrick Winslow Taylor knew were guys that didn't know how to analyze work very well, either. And he always wanted, he always had the idea that all of the planning uh, should be in a planning department by engineering consultants who knew how to, how to do all the analysis and so on, and he didn't want the, he didn't want the workers thinking and he didn't trust the managers to do a lot of thinking, either. (mmmh) The other aspect of your question is that, that it takes two to tango in this case. If management plays the role of parent, somebody's got to play the role of child. And uh, the plants around here that still have the older culture, and you talk to the workers and their first line supervisors, they will say that, "I hate to cross the road to get into the plant, I hate getting out of the car in the morning uh, to uh, uh, walk across the parking lot and go in the plant, because I'm an adult and you know, I might be a preacher, or a churchman or a mother, I'm a father, I'm raising my kids and when I walk inside that plant, I'm treated like a child." So, it's a big culture change to move away from that, and, but some plants have. ACF here uh, is a plant that has a similar long history, hundred years, a hundred years of history. And back in the late '80's, early '90's, they were told by some of their major customers that they had to get their quality up, and uh, I think it was EXXON that told ACF, saying, you know, first, ACF makes these big uh, center flow tank cars, box cars, and they said, "Your first car off the line," say on an order of 120 of these big box cars, "is quite different from the last one. We really don't know what the last one's gonna look like." That quality changes as you go along. And then, uh, ACF had, got shut down when it lost it's uh, EXXON contract. EXXON said, "Well, we're gonna go to one of your two competitors and get these cars built." Uh, notice in the case of ACF, there is no international competition. You don't have these boxcars coming from Japan. But in the time that they were shut down, a period of I forget...six or eight months, plant management, particularly a guy by the name of Ernie Golder, said, "We're gonna put quality in here. We're gonna have participative management, we're not gonna have this parent-child relationship." And Ernie would say, things like, "You know, we pay for their hands and they bring their brains for free-it's a big waste not to, not to, not to utilize the other resource. And uh, it, it was a culture change. I remember talking to the uh, to the head of the steelworkers union over there, he says, "Well, there's no way we as union people would have cooperated with most of the former management of ACF. We trust this guy and his team, so...we wouldn't trust the others 'cause they would screw us." So...there is, there is, and we so it also, at INCO. Uh, and we see it at ACF. It's just...we didn't, we didn't get our act together at Owens-Brockway, in terms of detailorizing the workplace. (I see)

Christie: Mmmh. There did seem to be a lot of mistrust between the workers and management. Uh, just from speaking to different people uh, in terms of, "If we just do this, we can make it," is what the management is saying and the workers, thought, well, you know, there's nothing we can do, we're just trying to really, literally get every last bit of breath out of them, you know, and then leave them. Which is, it's a perception the workers have...they worked us to death and left. So (mmm-hmm)

John: There was an aspect that I didn't see...[clear throat]...in the interviews. And I was kind of worried about it. And that's the aspect of quality throughout the '80's. There was a quality revolution going on and when I talked about the CEO of Mitsuchita telling about tailorization, it was in the context of it wasn't clear that American industry was gonna be able to get it's quality up. And uh, I noticed and I didn't see it here in the interviews, but I think I, when Barbara talked at our fellowship a couple of weeks ago, there were, there was a quote about "us standing around up to our ankles in, in rejects and broken bottles" and things like that. And the one thing that this student found, when he was over there, was that some of the customers, such as Aneheiser Busch, Budweiser beer bottles uh, and I mean, beer still comes in bottles and cans, it doesn't come in plas-, I haven't seen beer in plastic containers. Uh...Aneheiser Busch, as I recall, was telling them, "We want no more than one rejected bottle per million bottles." And uh, here at the university, when you take statistics and engineering school you take statistics, we talk about statistical quality control in the context of about one mistake in a hundred or half a mistake in a hundred or one mistake in a thousand, but our statistics don't really talk to us about one in a million. And this was something that we're, we were learning through the '80's from the Japanese. These things are called six sigma standards. Motorola is a company that did very well on the terms of getting us way out in to the bell curve in terms of quality. And I got the impression that, that Owens had a lot of problems figuring out how to get its quality up and its rejects down, its yield up and things like that. I, so on the one hand I think it had to do perhaps with the fact that...that management was having trouble figuring out how to do that. And certainly we weren't, we're still not teaching it very well in the universities. Uh...that workers...if I look at other plants around here and where the workers are responsible for their own quality, they have to be trained in, they have to have certain numerate skills. They have to be able to divide you know, a range by three and things like that; they have to have some numeracy. I got the impression that, that Owens hadn't, Owens-Brockway hadn't done a good job of keeping the numeracy levels of the workers up. Maybe uh, maybe management wasn't too swift on this, too. So, there was, in order to implement quality programs like we have at INCO and ACF, and if you go to a company like D & E, uh, they make uh, used to be a foundry, they make metal parts for the automobile industry...you walk on to, in to that plant, and you have workers measuring the quality of their product; they're responsible for the quality of the product. And I have a feeling that Owens would have real difficulty getting to that point with their own workers. I could be wrong.

Christie: They did have quality checkers. And everyone did have to put their number on products that they produced (mmm-hmm) for some reason. But I don't know what beyond that, how much uh...they had to destroy because of defects. Or how much they reprimanded people who uh.... Of course, down the line, if you weren't the one that originally started the bottle, you had to catch it down the line. But you weren't the one who actually made the mistake, but you were responsible for catching it, so I don't.... And I don't, I also don't know how much training those quality checkers had.

John: One of the first things that INCO did back in the mid-'80's, when they were laying off people, they said, "Well, the first people we're laying off are the quality checkers, the inspectors. We're taking out that level of the organization. And workers are now responsible for their quality." That was one of the first things INCO did. Ah....some of the fathers of quality, like Demming, who just died just about a year ago, and he's the one that's credited with teaching the Japanese in the '40's and the '50's a lot about quality and them coming back and teaching us, which is one of the ironies of the thing. Demming always...Demming always had a demonstration showing that you cannot inspect quality indoor process. He would uh, he would be in a training room and you'd have a box of, a box of red and white beads and he'd give you a spoon and the idea's to spoon out all, some white beads so that there were no red beads in there. You have a process generating white and red beads where the red stands for the defects and you kind of inspect out the stuff. So you have to build quality into the process and you alluded to, if it's somebody down the road checking for the, the mistakes that somebody up the line is making and they're not feeling well today, they had a bad night, they're hung over this morning, and all this kind of stuff, then it's somebody down the, it's too late, in many cases. And you have to build the quality in in the upper parts. I know we have a trainer over at ACF, a guy by the name of Dennis Deal, who's a trainer, he's a welder, he's been on the shop floor for decades as far as I know. And he can give stories about if the mistake starts up the line and it carries on down the line and it gets harder and harder and harder to fix, and the story when he tells it, sounds like for the want of a shoe, the horse was lost, or for want of a nail, the horse was lost and the rider was lost and the battle was lost and the war was lost. It just multiplies as it goes down thing. So uh, I have a feeling that that was, that was one of the areas, certainly with respect to the customer saying, "Well, we expect..." And when a customer like Aneheiser Busch saying, "We expect one in a million," it's not a frivolous request, because when you ship a carton that has a broken bottle in it, then you've got a mess in your factory. And with that, it kind of contaminates the, you know, it's kind of like a rotten apple in a barrel (mmm-hmm), it's not a frivolous request. And if you're competitors can get one in a million, uh, you need to do that, too. And of course, the Japanese believe that if you do things right the first time, not only does quality go up, but costs go down. You're not spending a lot of time wandering around in a mess. (right) We should do that at Marshall.

Christie: So, do you think the overall quality in our entire country, as far as factory-produced products was better in the '80's because of our competition with Japan?

John: I think it's, I think that...that throughout...you have Ford saying 'Quality is Job One' and things like that...that if you go back and look at vehicles that were produced in the '70's and '80's, versus the same vehicles produced in the late '80's and '90's, yeah, there is a difference. There really is a difference. Just, you know, look at the fit of the trunk lid to the fenders. Uh...it's a lot tighter, it's a lot tighter fit. And then, to some extent, that was because we were measuring the wrong things. Interestingly enough, we were trying to get, here in the United States, trying to get stuff that was around here in the center of a bell curve, and the Japanese were trying to get tighter and tighter bell curves, and uh, things that fit a lot tighter, a lot smoother. So, you could end up with inside an automobile, you could end up with a fuel pump or an alternator that's a a third of the size of the one that you had on your General Motor's or Ford car, because they had....bigger tolerances, so they had...their parts had to be bigger and heavier. I remember when I first came here in '89, I had a Ford Mustang and a Toyota MR2, and I was looking at the, I was fixing something on the Toyota and I just looked at the door hinges on the Mustang, versus the door hinges on the Toyota and there's a world of difference. It was like working, something between working in a barrel and working in a jewel box. It was a difference.

Christie: Yeah. Plus the car industry seems...I'm not sure if it's exactly the same. So many parts are made in other parts of the world, and actually just assembled here, so (mmm-hmm), if they can actually claim it's an American car, when it's only assembled here, so...I'm not sure how you compare that (no, that's right) to something like a product, like these glass containers, which were actually entirely made in one factory.

John: The, we probably are straying from the, from the topic. But a lot of American industries were complaining that they were part suppliers and so on, parts were coming in and we were, just in a crate, just assembling things. But my experience with here in the states and Europe as well, was that the Japanese manufacturers were never particularly against uh...their parts, having local parts suppliers. I know particularly in England, with Nisson and Toyota, I did some consulting in England, that your parts suppliers in England were just, the Japanese would encourage them, they would even bring their parts suppliers to England to show the British parts manufacturers how to do the job. (unh) So, there was a, was a feeling I think, I don't know it here in the states as well, but I do know that companies like D & E and so on around here, it was really a matter of getting out there and getting your quality up and going out and telling people that your quality was up. I mean, Honda, from Marysville, comes here to Huntington and tries to get some suppliers to supply them (right, right). So I think it was a little bit of standoffishness on our part.

Christie: Unh. So how much or in what ways, maybe, do you think technology was a role? Not just in the glass industry, but in general, in the U.S., in terms of laying off, plant closings...?

John: Uh...uh...I think that we in the United States have, let's see, I think...we in the United States have the highest standard of living, this is where I started from uh, in the world. Now, we don't make the most money. There are five other countries in the world that have a higher per capita income. We lived in Switzerland for 12 years and people make more money in Switzerland than they do in the United States. But you pay more for a Big Mac in Switzerland than you do in the United States. And the person who's working in a McDonald's gets about twice there than what they get in working at McDonald's here in the United States. But your rent's four times higher there. So, what we have, we end up, our stuff, in terms of a ...our ability to purchase things, uh, when I lived in Europe, computers cost twice, this computer cost twice in Europe what it does here. But we have, we have a, uh, a higher standard of living. And one of the reasons for that higher standard of living is that we go through processes of creative destruction to quote Shawn Payter. And one of the things that we do in doing that is we introduce technology. But once again, technology just isn't the machine–it's our knowledge of using machines. We...we are an advanced people, in terms of using machinery. I mean, the country, this area around here of, in Huntington, Ashland, we have some of the greatest little machine shops in the country...high productivity, very good people with finger skills and things like that. So I think, while I think that uh, it was, it was technology, and one of the things we haven't mentioned with respect to Owens, is that a lot of liquor bottles come, a lot of liquor comes in plastic now. So, there was the plastic uh, and remember the raw material in the place of plastic for a lot of these bottles is not necessarily recyclable raw material. It's coming straight from the refinery in plastic. One of the things that was, was also a problem with Owens technologically, is that it had a program to recycle glass. In fact, a little company here in town by the name of Alpha Welding, I think it is...it makes recycled glass factories. It's amazing. You go to this place...it's down by Corbin in Huntington, and it's a guy and his wife in a great big barn. And they, when they're up and producing, they and 28 other people make recycling glass factories. And there's one out at Owens. So you have, you had recycled glass coming in, as opposed to virgin glass coming in as a raw material. And so you did have the technology for recycling the glass, the material going into the system. But you didn't have the technology to make sure that once you came out with it at the end was still a bottle, a set of bottles of which only one in a million was a defect. So, there was...there was that other aspect I needed to mention, in terms of technology.

I guess I really have to wander around and try to answer your question, because I believe so strongly...I just did a paper on technology transfer that the technology is up in your head. And you have to keep your people up and uh, up to date. I use a video tape in class. I don't have it here....from a series called "Thriving on Chaos," by Tom Peters. And the piece of the tape I use about a company called Quad, Quadgraphics, which is a printing company, run by a guy by the name of Quadrachie, who's been an entrepreneur of the year nationally a couple of times, and he's a...he's really good. And interestingly enough, he's very non-authoritarian. He says uh, "I only make two decisions a year, what band's going to play at the Christmas party and what food we're gonna have." He said everybody else makes decisions. He says you usually think of managers as being the great organizers, but I'm the great disorganizer. He says, "My job is basically to set up a system in which everybody makes decisions all the time to improve productivity. And I just have to disorganize them every once in a while, so they, so they try a little harder. And you look at...at...and I was thinking about these multi-million dollar print presses, compared to the big...uh, uh, the technology that they had over at Owens-Brockway. And the thing that he kept saying that, every of one of those print presses is, is modified a thousand times in order to improve it's productivity, by the teams that are working there. Each different team is a, in quadgraphics, each print team, press team, is a profit center, responsibility center. And they're responsible for improving their uh, uh, productivity. And in this company quadgraphics, people go to train one day a week. So, in terms, once again, in terms of technology, that, that company, the people in that company were improving their technology, so that there was by the way, not only the school, where all the employees went once a week, but also, a section called QuadTech, which sells print presses to other printing companies. And you can imagine, just imagine here at Owens-Brockway the teams that are improving their own print-, uh, glass manufacturing to the point where they could sell it to other factories. I mean, that's something...that's what I was saying earlier, that the plant management saw what was going on at Union Carbide, kind of glazed over. They said, "How in the world would we get to that level?" because we'd have to train and train and train. The training was somewhere in the...in the suburbs of Toledo.

Christie: Yeah. I would venture to say that through all that was happening there, that people were getting increasingly de-skilled and alienated (mmm-hmm) from the other workers, as well as management. (mmm-hmm) And just standing in their own corner, packing bottles...and actually not wanting to think. They didn't want them to think. That's my perception.

John: Yeah, it was interesting. You said it both ways: they didn't want to think, and they didn't want them to think.

Christie: Yeah, I don't know...

John: Yeah, both things are happening. I got that impression from reading the, reading these things.

Christie: And for some reason, there was a real scare about change on both the management and the workers point of view. Nobody really wanted to change. It used to be great, and why can't it still be great, and we don't want to change.

John: Mmmm-hmm. Well, I mean, that's why we have a high standard of living, is that some companies survive and some companies die, and if KKR was in the process of helping that in the '80's, and unfortunately, I think KKR made more mistakes than they made, made uh.... It was a problem in the '70's and '80's. You had companies like uh, U.S. Steel. I mean, at the time Andrew Carnegie was putting together U.S. Steel, and of course, that was where our friend, Fredrick Taylor worked, uh, that was, he uh...what around the Pittsburgh area, where U.S. Steel plants were, and you'd have, Carnegie would have this plant competing against that plant, and then they would learn from each other, and things like that. And then U.S. Steel got in the situation where it was run by a bunch of people who understood finance, but not how to make steel, and they ended buying hotels, because they could understand that. And they bought all.... And so you had some of these people like KKR coming in and in the case of U.S. Steel, saying, "Okay, you guys that want to run hotels, you be that....that bunch of shareholders and that bunch of stuff. You people that want to make steel seriously, you be this part." And actually, they split...they split the uh, the U.S.X. stock into two groups. But the point I was trying to make was that in a lot of cases people lost their knowledge, not just at the plant level, but all the way up through the system of what it, what business we're in, what do you do to make glass. (right, right)

Christie: How much do you know about KKR? I mean, I...they're in the news an awful lot about buying out different companies, but...?

John: Nothing. It's just a general impression I mean, 'cause people like that are involved in ACF and of course, the Ravenswood plant, and not so much KKR, but people like that, KK-.... I own stock in Chrysler and there's a similar problem going on right now with Chrysler that one of these people like KKR is uh, has 14% of Chrysler and he...he's trying to get Chrysler to give a bigger dividend, pay out a bigger dividend, take some of the money that they are setting aside uh, and increase the stockholder values. Of course, I'm in favor of that, at this point, since I.... But I certainly don't want Chrysler to go through the two crunches that it went through uh, in the early '80's and in the mid-'80's. I mean, in the mid-'80's they forgot what they were doing again, and they started investing this, that and the other, rather than.... And in fact, a recent article on Chrysler said that they were so, the people within Chrysler were calling their...calling their customers poor old stupid people in the '70's and '80's because they realized they weren't making the kind of products, but there were people still out there buying it. (unh) And I think General Motors is still kind of in that situation, it hasn't caught up with Chrysler. Chrysler is you know, the most profitable of the automobile companies. It's got it's costs under control. But sometimes it loses sight of the necessities to invest in new products. And I think that was what was going on here. And sometimes, while orga-, groups like KKR, who don't understand much other than finance, ah, do make more mistakes than they, you know, than.... But the feeling that I got in reading through the interviews, was that these were evil people. Uh, I don't, I'm not 100% in agreement that people like KKR are evil. I mean, I think that because they come in and they shake up systems and they take fat, dumb and happy management and shake 'em, take 'em by the scruff of the neck and shake 'em up and it accounts to some extent for our high standard of living. (mmmh) And I'm just...I'm just sad that uh, Owens-Brockway was one of them that wasn't able to get it's act back together.

Christie: Yeah. I think the perception is that people involved in leverage buyouts are not concerned at all, at all with the human factor. That it's all numbers and we have to increase profit at any cost to the human factor. And I think that...that that, that that's the perception you're getting through the papers, though...

John: I can't disagree with them. (yeah) I can't disagree with them. But on the other hand, the country is based on the idea that if we all behaved...I worked in...in fact, I've got a project in Slavakia right now. And they took in account the human factor a lot under the socialists. And those people are really poor. So uh, you can, you can go to extremes and I would agree with people from Owens-Brockway that people like KKR are kind of an extreme. Uh...but at the same time, I don't know any of these people who would like to have gone into guaranteed job situations, and places like the Soviet Union, and Eastern Europe, and end up having a good steady job and be very, very poor, as a result of it.

Christie: Yeah. Now, in leverage buyouts, they're not actually using their own money, is that correct? Can you explain what a leverage buyout is?

John: Yeah. Uh...your, you say okay, ah, I'm a group of financiers. In the case of KKR in New York and San Francisco, and I have this group of, this group of establishments, in the case of Owens-Brockway, little factories all over the place. And uh, uh, I can buy, I can buy them up at a good price. And uh, I'm not gonna use my own money-I'm going to go get money from savings and loans, I'm gonna get money from uh, other investors, and there is, and I'm gonna get money from uh, retirement funds and all kinds of...not my own money. I'm gonna borrow that, and use that to buy out the, buy out those little companies, and shut down the ones that there's no hope for, and then turn around the ones that I can salvage, and uh, people are gonna pay me a lot more money for the package after it's left. Uh...the...in the case of the savings and loans, throughout the '80's, my Lord, there's a, it uh, that takes us back to before you were born, uh, in during the Vietnam War, uh, Johnson said, "We're gonna have guns and butter." And so, he financed the Vietnam War without raising taxes. So, Nixon came in and he had to pay off a lot of bills let's say, in summary. And so we had inflation rates in the neighborhood of 17, 18% during the Nixon era. But it was simply we were paying for something we should have paid for 7 or 8 years before. Now, people who had their money in savings and loans uh, at 3 and 4 and 5 and 10%, were moving their money out of those savings and loans into money market funds where you could 17 and 18%. I was getting 17 and 18% on my money at that time. And the savings and loan said, "Hey, we're going down the tubes." So, Congress passed a law saying, "Well, you can invest in...in strange things, too, like high profit things. So, a lot of money from certain savings and loans went into fuel this, these leverage buyouts and a lot of the people who won, who had been savings and loan managers and didn't know that kind of business, uh, got themselves burned. And then these savings and loans got taken over by a lot of people who were shady, who were crooks, or whatever. And uh, they were putting lots of money into, you know, we had a big overbuilding of office space, uh, in a lot of places, in a lot of investments you know...swamp land and so on. (yeah) [chuckles] But uh, that was where you had leverage buyouts. Now, where all the money was coming to finance these, these takeovers, these mergers and acquisitions, they were using borrowed money. That is they weren't, KKR wasn't using it's own money; it was getting it from a lot of people who wanted quick returns. Uh...let's see, what's the, what's the other aspect of it. And then of course, there was Michael Milkin in the middle of that, with the junk bond issue. Because when you're buying up assets like plants and so on, you can put, you can uh, you can uh, issue bonds for, for those assets. And what we had was, was a growth of what was called junk bonds at the time, which the bonds were issued for stuff that really you couldn't go out and touch and pound on, and it wasn't real physical assets. (unh) They were, they were for junk. And so, some people feel he was quite a criminal, and on the other hand, feel that he was quite innovative, in terms of coming up with ways of financing these, these, these uh, takeovers. But the whole idea was to come out with a package of assets at the end of three or four years that were worth a heck of a lot more than when you bought them, and not using your money to do it. There's nothing mysterious, particularly, about it. But, I went back, I went back to Johnson and the Vietnam War and Nixon's inflation rates and uh, and why the savings and loans companies wanted free, to be able to invest in all this tricky stuff. And then, of course, we had the savings and loan fiasco.

Christie: So, does the change in ownership style have anything to do with the change in management style? The fact that there used to be an owner who was pretty much right there and very parental, to owners that really weren't even visible to the workers, that were investors...?

John: I think that there's a lot of these situations in which important decisions were made at the wrong level. Uh...I...I worry about the fact, for example, that uh, decisions about your and my education are made by a bunch of people in Charleston, I would say that's the wrong level. And if you're from Kentucky, it was even worse, because decisions about education systems were made by Kentucky legislature for decades, very few of whom had ever been to school. So, not only the level, but ignorant people. So, I think that you do have that going on in a leverage buyout situation, that people in Washington and...and New York and San Francisco are making decisions that affect your lives, our lives and that's not necessarily a good thing. It's not what we believe in in terms of democracy.

Uh...on the other hand, that's always been true with this region since people came in....

END OF SIDE 1

SIDE 2

[side 2 sounds muffled and inaudible in some parts]

[Denise Giardina]

John: ...in fact uh, if you read things like Dennis, Dennis Geordino who wrote...about the Matewan Massacre and the battle of Blair Mountain, uh, and when you listen to her talk about these kinds of things, not only are these decisions made at the wrong place in the wrong cities about us, but for example, in order for people from the east coast to come in here and at the turn of the century, and 20 years before, buy up all these things from the hillbillies, all the mineral rights...they had to actually show that the hillbillies were a bunch of ignorant, dumb people anyway. So, you had the, you had this long tradition of people from the Washington Post and the New York Times coming in and finding really scraggly-looking people and saying, "Well, it's okay. They wouldn't develop these resources anyway." It's a long tradition of that.

Christie: Yeah. Don't we do that in third world countries...maybe?

John: [laughing]

Christie: I wouldn't doubt it. Sounds like something we do.

John: I also had a project in South Africa going on right now...[inaudible]

Christie: Well, how much...well, maybe...what is the trend in factories moving to third world countries or developing countries?

John: Uh...the latest evidence is that it's coming back, that what we did in...in shipping our...shipping a lot of our production off shore, like to Mexico, and so on. We were in very many cases, shipping bad management practices off shore. In other words, say, well, we can't manage the darn thing here in Huntington, let's move it to uh, to uh, to Mexico, where it only costs us a dollar an hour to be bad managers. And so there's a number of companies that are realizing that they can do better here in the states, because the American worker is still the most productive worker in the world, in terms of value per labor hour. Once again, that accounts for our, our, we have, all you do is look around, we have a better standard of living than in anybody else in the world. So, there is a trend now, in the last five or six years, to move that stuff back into the states. Uh...last night on Sixty Minutes, there was a, showing garment workers in San Francisco or Los Angeles, (yeah, I saw that)...Rodeo Drive. And the problem there, you say those women are immigrant workers. They...they can work here for $5 or they could work in their home country for less, so it's almost the same workers, immigrants here, but they're.... The textile industry is a very...disloyal, I mean, it moves all over the place. And uh, so, it's, that part is kind of interesting, when you look at that. But for high skilled workers in glass and machinery and metal bashing, and things like that, there's a strong feeling that we could be anybody in the world, if we manage things properly. And it's just stupidity on our part. I drive ...one of our cars is a Mercury Tracer, made in a Nisson plant by Ford, Nisson-built plant, in Mexico, and that plant has a higher, those cars coming out of there are higher quality than the same car coming out of the states, or Canada. But it's got good management, it's a beautifully designed plant, uh, and uh, I think that Ford, I understand that Ford is thinking seriously of doing exactly the same thing here in the states that it's doing in Mexico. So, this idea of moving stuff off shore, that was very faddish in the '80's. But when we looked at it closely, it's...we were just moving bad management practices.

Christie: What was the lure?

John: The cheaper wage. (cheaper wages...would it have been like workers conditions...?) yeah, environmental conditions. At the beginning of the NAFTA debate, there were a lot of union people that would go to, to uh, Mexico and say, "Yeah, they had very low, very bad environmental standards," and things like that. Uh....

Christie: You don't think that's a continuing lure?

John: We...we don't, we don't really know, all we do know is that there is a move on the part of certain companies to bring a lot of this production back to the states. But uh...it's not so much that the workers in some of the other countries are...are bad or, and very often you're working in other countries where there's a lack of infrastructure, a lot of government red tape, a lot of corruption on the part of the government, and it's just not worth the trouble. Uh...certainly, we've always known of the problems in places like Mexico, and so on, with everybody and his brother taking money from 'em. Some cases are just not worth the trouble to do that kind of thing. Of course, as I say, I worked for the United Nations for 12, what 14 years total. And I'm in favor of helping people in poor countries uh, be more productive. And people will say, "Well, won't that take jobs from people in the United States?" I do believe we have to improve our education system. We have to train people better. Uh, you know, you're a graduate student in Sociology, my daughter was a graduate student in sociology. When she came here, her uh, her masters degree, she had a good project, I thought, it was 'How to Make Happy Workplaces', it was a real good project and so on. But she ended up on another masters thesis on, on uh, wage discrimination against women and I just thought, well, yeah, that's true, that's a problem. It's been done to death, but uh, she's working as a marketer over at the Herald Dispatch. I think that here and in universities, and certainly secondary schools, we don't do as good a job as we should, in terms of keeping our workers up to date. It's not that we don't want to, but there seems to be institutional barriers doing that kind of thing. You have to give a hundred twenty-eight hours before we'll let you go, regardless if you know anything. (right)

Christie: And what about keeping your workers happy? I mean, part of what I saw with the workers at Owens is as far as idealizing the older days, that there were baseball games on Saturday, and things that the parental-type management was able to give them, to feel like they had a home or a friends, or it was more than somewhere to go and not think and just pack bottles. They enjoyed going.

John: There are two aspects: we, at that point, you know, in the '20's, Europe and Japan's industrial capacity had been destroyed. And in the '40's and '50's they were still rebuilding their industrial capacity. So, there were times in which we were the only ones with any industrial capacity. I mean, it was our American workers that to me, that won the 1st and 2nd World War, so we could afford to...you know, there was a lot of fat in the land that we could...everybody else more or less has their industrial capacity built and we're learning a lot from them. I think it's very important to have, to have a happy, healthy workplace. I'm not sure that you have to be a parental style management to do that, though. This fellow that I'm talking about, Cadrachia
I mean, it's, when I show this video tape, one of the things that shocks everybody is that he's up on stage as the leader, and it's a Christmas party and he's rock and rolling with the secretaries and workers and so on. And for a manager to be able to let his hair down that far, so everybody feels that they're part of the family and so on, I don't think it has to be parental. I think you can be very participative and have a very happy workplace. And it's, a lot of, a lot of companies are doing a pretty good job of that. And they're not parental. You think of Microsoft, for pete's sake. Yeah, you can do a lot...having everybody get together for beer on Friday afternoon and ball teams and so on...but you don't have to be parental. I think it's very important. I use an example of a guy just last year, trying to turn this company around. And uh, he analyzed it to death. A small company-200 employees. And he finally figured out what he had to do and what he had to do was to get rid of job titles. Uh, he had to get a tremendous amount of participation. And he figured out a way to do it. And that was he invited everybody in to the cafeteria at 4:30 and said, "Look, if we're gonna survive, we're gonna have to turn things around and the first step is I want all the managers to make dinner for all the employees, and you have to do it for less than $3 per employee and I'm going out and buy the wine." And he says, "Oh, by the way, here's the organization chart," and his job wasn't even on it. [laughter] So, yeah, you have to do that.

Christie: I get the perception that...with a leverage buyout, do these people don't usually have a lot of say in the changes, or do they? The investors...I don't know how that works, but...?

John: If you're gonna be a serious uh, leverage buyout type of person, you've got to admit that right now leverage buyouts aren't, aren't the popular thing to be doing. But if you're going to be serious of that, you have to find ways of, of uh...of helping the companies turn themselves around. And that often means assessing management's capability to do that, and leaving them a place, if they're capable of doing it. It's...a number of people who do leverage buyouts do not do it very well. And uh, the Ravenswood plant is probably one of the great, the great examples of...what was this guy's name? Cash or Gold, or...in other words...he lives...he lives in Switzerland, and uh, wow, I can't think of his name.... He lives in Switzerland, he can't come back to the states uh, 'cause he's for income tax evasion. The management team that he put into Ravenswood was, as far as I can tell, God-awful. So you've got to have that part of it right. You have to be able to...to get some management who can, with uh, who can work to turn it around. And hopefully they're all, they're in place, they can do it. Certainly with ACF around here, we're pretty sure that even though it's owned by not KKR, but the other one...starts with a K, uh, they have pretty good management and much of it is home grown. You know, I...I...I had suspected and then I found that it wasn't really true, that a lot of the manage-, a lot of the problems we have in terms of bringing engineering type management into plants, is that you have the local culture, everybody's from Apple Grove or Wayne County or something like that. And they've been there for generations. And you bring these fresh, snot-nosed engineering graduates in from WVU and something, and they're not the managers (right), and I thought, well, maybe that's what Owens was doing. But I didn't get that impression at all (mmmh). Uh...so, you know, even if you're a financial person, and you're very good at finance, you have to have people with you who can assess management and motivate management and uh, turn the plant around. Otherwise the stuff that you bought, you have to throw all of it away. You have to improve the good stuff, salvage the good stuff.

Christie: So you attribute most of this particular plant's problem as being unable to turn management around, or change the management/worker relations?

John: I don't know. I mean, it was so tied up with...here we are, we're competing against plastic containers. We didn't seem to be, within Owens-Brockway, or whatever, really developing good management. I got the impression we weren't doing that. But I can't figure out why not, because I know that Corning, Owens-Corning and so on, they're very technologically astute. You go to their area up around New York state, and they've got good technology and things like that. I...it seemed like it was just a whole combination of factors, that it wasn't just management, and it wasn't, they had this whole plant and needed to keep reinvesting in it and to me it was probably people not paying close attention, a little bit like Chrysler. The government bailed them out in '81, and then they started not paying attention to the business again. And then, okay, they started paying attention again in '85, and maybe they lost, they didn't pay...if you...I kind of follow the automobile industry certainly more than the glass industry. And you very often wonder whether the next guys that are taking over Chrysler or Ford or General Motors, are really, what they call car guys, is really interested in product. Under General Motors, you know, when Roger Smith stepped down and Stimple came in, and it really did look like the management was just kind of trying to take care of it's own, and really wasn't very good at being car people. That may have been true here. We didn't have enough people that loved glass, and wanted to see new kinds of products. I...I...I think it was very complicated.

Christie: Yeah. One of the, the man who was managing, Dennis Silvis, I interviewed him, and he talked about what he believed to be a trend, which we were just talking about about 10 minutes ago. That in general, in the world, global economy, that all the factories, industries, were gonna be moving to like developing countries and ours would be a service economy. Now you were just saying that you thought that they were, companies were bringing the factories back into the United States.

John: Okay. If you look at, look at the levels of your economy, primary being extraction and agriculture, and then the next level being manufacturing, and retail, or manufacturing and service and retail, uh, and you know, when my grandparents were alive, it was mostly agriculture and extraction, and only maybe a third of employment was in manufacturing. And then when my parents were alive, 40, 50%, certainly the high wage jobs were in manufacturing...uh...I do not believe that a country survives very well without a good agricultural base, a manufacturing base and a good service base. Having lived in Switzerland and realized that the United States exports a tremendous amount of agricultural products, like anybody's talking, and we have in terms of agriculture, we have the most productive agriculture in the world, too. Uh...we want to ship rice to Japan, so the Japanese can pay 15 cents a pound, rather than whatever it is, 3 or 4 dollars a pound. So, I don't believe that you can hollow out any level of your, of your economy. If you're gonna want to have a good strong agriculture, you're gonna have to have good strong manufacturing, and good strong services. And services just isn't you know, as they said in the what? Bush, Reagan era, it's not just sweeping around Japanese computers and flipping hamburgers. Services are...you're going into the service business. I'm in the service business. Uh...these KKR people are in the service business. As a matter of fact, when you look at a manufacturing company, a very small proportion of the people in the manufacturing industry are actually manufacturing anything. Most of them are in services.

They're in sales, and they're in purchasing and they're in accounting and so on. So, to some extent we have a problem of classification. And uh, in the international labor organization where I was, that's where a lot of the international classification of job structures come from. And you have to keep updating it. Because, ten years ago, if you looked at service job classifications, you'd have the banker and the baker and the candlestick maker, all in one group. And on the other side, you would have 15 different types of welders and 45 different types of lathe operators. So, it very detailed kinds of operations of the manufacturing side, but we didn't have very much detail, in terms of this kind of computer programmer, or versus that kind of computer programming and so on. So uh, I, I feel that we're gonna continue to manufacture things that we should manufacture. And hopefully, other people will manufacture stuff that we, we shouldn't be manufacturing. And in the discussion we had with out jobs, our children, our future a couple of months ago, some woman said, "Well, we don't make tennis shoes in the United States anymore, but we sure do design them and we sell them and we distribute them," and so on. And maybe it's good for the Taiwani's and Malaysians and so on, to manufacture tennis shoes. One of the strategic thinkers in our business, a guy by the name of Michael Porter, from Harvard, is, wrote a book about five years ago about the competitive damage of nations. And he took a sabbatical from Harvard and went around the world, and spent about six months in Singapore. And the Singapore government said, "Well, we want to get out of the business of, of producing cheap stuff in Singapore. We want to do something else." And he said, "Well, you ought to get in the business of exporting gray matter," said, "just like the people in Silicon Valley are doing, that's what you do." People in Silicon Valley and the computer field and so on, they don't necessarily manufacture all this stuff. Some of it comes, some of the chips come from Malaysia and some chips come from Taiwan. But the gray matter that went into it, the thinking and so on, goes on, in uh, in uh, Silicon Valley. So, I think we have to be rather careful about what it, there were, we certainly do not want to get to hollow out our manufacturing base. But to have a good manufacturing base, we have to do a lot more than think that if your second rate citizen, if you go to an auto shop or metal working shop, or wood working shop, cause working in, working in Europe, your skilled people, the people that could make something really smooth, or two pieces of metal that would really fit together very well, were very highly skilled. And industry and the school system, with their, with their apprenticeship system, cooperated very well to produce those people. Interestingly enough BMW and Mercedes are better off producing stuff in South Carolina and Alabama right now, than they are in Germany. They have very skilled people in Germany, but they also have probably a bit uncompetitive social structure, in terms of they're paying German workers a heck of a lot more than they have to pay people in South Carolina and Alabama. As long as we can produce, we can develop our skilled people, uh, so that we can do all the fine work, and then we're gonna be doing.... I think that's a good example. I mean, just think, BMW...the idea of flying in BMW engines and flying BMW's back to Europe on 747's is an indication that we still have a pretty productive industry. Now, the idea would be of course, to produce those BMW engines here in the United States. I think we can do that, too.

Christie: What about all the low and unskilled labor that goes on at plants? I mean, there is a lot of low, less skilled, unskilled laborers. In the assembly line, like I'm saying, you just do your small part very de-skilling of labor (mmm-hmm)...it seems to be a trend that a lot of these plant, and these people are trying to go back to school to get some kind of new skill, because they haven't...not necessarily new skill, but a skill or uh, some kind of education, cause they're assuming nothing's gonna come, I mean, if they don't have a role in any other....

John: One of the nice trends in the United States, is this like in this, next door in Kentucky, we have uh, new types of, of uh, what uh, tech had, I can't think what you call it. But the idea is if you're in secondary school, you're not necessarily a second rate citizen to go into a technology college and things like that, that you have to go...it's not necessary that you go to, to a university. Now, that's part of the, of the flow of, of people that can become technically skilled. You have to make sure that there's, that people don't feel ashamed of getting good technical skills. At the same time, competitive industry...I think here of D & E Foundries here in town, Rubberlite here in town, they don't necessarily go out and hire people at, at the, at the gate, as was described here at Owens-Brockway. You show up at 7:00 and they'll pick you and you and you. Competitive industry in the United States will say, "Okay," take Honda at Marysville and so on, "you have to come in and write an essay about why uh, Honda should hire you." And then some of these plants, I remember particularly Flatrock, Michigan, which is a Mazda-Ford plant, you go through a process of say, "okay, now, before we really put you out on the floor, to see if we really want to keep you, we want you to disassemble and reassemble this uh, flashlight. We'll give you a flashlight and see if you've got the finger skills to disassemble it and put it back together. Oh, that's pretty good. Now, we're interested in people like that. Now, can you show somebody else over here how to do that? Could you pass that skill on?" So uh, to, to some extent, to a lot of extent, really competitive industry uses certain kinds of techniques, where they don't just pick up anybody. They want to make sure that maybe you haven't learned all the finger skills and teaching skills that you should have in school. But if you have the innate ability to do that, then we're gonna train you all the rest of the, all the rest of the ways that we need to. The companies that you talk about, that feel that people are lumps, lumps of coal, lumps of muscle and things like that, are basically the kinds of companies that I don't think can afford to pay $15 an hour in the United States. Those kinds of jobs have to go somewhere else, and we have to have more, more people who are really interested in having fun in the job, not just out on the baseball field and things like that. (right, right) And some companies are, some companies have figured out how to do that. D & E for example, and a lot of companies, manufacturing companies around here, don't bring you in and uh, run you through personnel, they'll call up Manpower and they'll say, "Well, we need some people like this. Send them over." And then those people will come from Manpower-they're still on Manpower's payroll, the company's still paying Manpower. And then if the other workers say, "Hey, this is a pretty sharp cookie, we ought to bring that person on," and the workers themselves will sit around at lunch time and say, "Well, I'm going off hunting this week, taking part of my vacation. Oh, you work for Manpower, you don't get any, do you?" And they begin socializing the person in, once they've decided that's the person we want on our team. Because our bonus and our uh, incentive pay and so on, is based on having other people who carry their share. So, the de-skilled kinds of situation, I don't think they're competitive today. Those are the kinds of factories that are going somewhere else.

<u>Christie</u>: And that's the kind of thing that management really needs to work on, in order to keep it in the United States. -(mmm-hmm, yeah) Well, uh...[pause]...is there anything that you wanted to talk about, that I didn't bring up? (no) How representative do you think that this Owens plant is of all the different plant closings around the United States? Is it...is it uh, patterning? Is it part of a pattern?

<u>John</u>: I think these kind of, the kind of situation that we had at Owens, we either turn it around or it becomes a parking lot. That was certainly what was happening down in Chemical Valley, down in Charleston, that you either get, you either use the, the hands and the brains of the people, or that plant, that plant...doesn't necessarily migrate outside the states, because uh, the stuff down in Chemical Valley is near that salt bed, so you don't take really take that plant. But, one of the things we didn't mention about Owens is that there isn't really any great local supplies of limestone and sand and things like that. So that is a kind of a plant that can migrate. Uh...Corbin here in Huntington and in uh, Kentucky, right across, they have say a thousand employees in Kentucky and a couple hundred here in Huntington, they talk about migrating across the state line unless we get our workman's compensation act together. And there's other kinds of taxes in West Virginia that, that are a bit punitive to business. For example, with SOMAR moving in here and ASPEN, SOMAR being a telemarketing company, and ASPEN being a kind of a data processing company, processing legal, legal documents, they don't have any real inventory. One of the taxes we have here in the state is every once a year we see how much we've got in inventory and we tax you on it. And so, that takes companies like, it makes it more difficult for companies like ACF and uh, Transfab and Owens-

Brockway to make it here, because they're paying an inventory tax they wouldn't pay in a neighboring state. Interestingly, in terms of, you take a number like ACF, uh, makes $50,000 a piece box cars, very nice, the cadillacs of the industry. And they don't just make 'em here in Huntington. They make 'em over in Milton, Pennsylvania, and so on. Their workers compensation costs here in West Virginia is four times, and maybe more, I forget what...I knew the numbers. It's like $700 per car in Pennsylvania, and something like $5000 per car in West Virginia. So, there...there things that make it difficult to do business here. That's, that's one of the things that we've got to look at. We have a very democratic-oriented legislature. And I think, in effect, rightly so. I mean, the coal industry was a rather brutal kind of industry, so we have a long tradition of, of nasty labor relations, futile style labor relations in the state. And that reflected in our legislation and added to some of our legislators, certainly our voters. And it makes it difficult for a company like Owens to stay. We have one example of a trucking company that moved across the river last year and I think save something like $200,000 a year in workers compensation costs. (right)

<u>Christie</u>: And this state is in dire need of getting some investments and business. (mmm-hmm) So you think it's the legal structure that really...affects, as far as from state to state, for West Virginia?

<u>John</u>: Well, I know the Chamber of Commerce is very, very agitated about that, [inaudible]. But if you listen, once again, if you listen to the, the management of ASPEN coming in with 500 jobs in the last week, and SOMAR coming in with 200, you didn't hear that. And uh, so I'm kind of wondering whether, you know, SOMAR coming has most of its operations in North Carolina, maybe they have a goofed up workers compensation, too. [laughing]

<u>Christie</u>: Yeah. Well, I think I touched on everything. Was there anything else you thought was important?

<u>John</u>: I think that, I look at my note, I think we're okay.

<u>Christie</u>: Great. Thank you very much.

E N D O F I N T E R V I E W